GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:778
ANSWERED ON:28.07.2005
SHARING OF LOSSES
Pathak Shri Brajesh

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether any scheme is under consideration of the Government to make refineries to share some part of the loss being incurred by the oil selling companies from the sale of LPG and Kerosene;

(b) if so, the details thereof; and

(c) the time by which the final decision is likely to be taken in this regard ?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (c): Since the past few years there has been an unprecedented, sharp and spiraling increase in international oil prices combined with considerable week-to-week and even day-to-day volatility. While crude prices have risen 136% during the period March`2002 to July`2005, the international prices of petrol, diesel, kerosene and LPG have risen in tandem by 138%, 191%, 187% and 106% respectively during the same period. However, the domestic prices of these products have correspondingly been raised by only 53%, 71%, 1% and 23% respectively. This has led to huge under-recoveries for the oil marketing companies who have, therefore, initiated a dialogue with refiners to provide suitable trade discounts in the refinery transfer price to offset their under-recoveries. It is expected that the matter will be soon be settled.